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March 29, 2005

VIA HAND DELIVERY

Honorable Kenneth M. Karas, U.S.D.J.
The Daniel J. Patrick Moynihan Courthouse
500 Pearl Street
New York, New York 10007-1312

Re: Frontier Insurance Co. v. Dwight Halvorson Insurance Services, et al.,
04 Civ. 3361 (KMK)

Dear Judge Karas:

We represent plaintiff Gregory V. Serio, Superintendent of Insurance of the State of New York, as both the Rehabilitator of Frontier Insurance Company ("FIC") and Assignee of Platinum Indemnity, Ltd., in the above-referenced matter. We write to update Your Honor on the mediation of FIC's claims against defendant Dwight Halvorson Insurance Services, Inc. ("DHIS").

Your Honor will recall that the formal mediation session was previously scheduled for the second week of March 2005. To facilitate the mediation process, and with the consent of the mediator appointed by the American Arbitration Association ("AAA"), the parties agreed to briefly adjourn the mediation session and pursue direct discussions. The parties did so. Most significantly, over the last few weeks we have provided DHIS's counsel with additional information regarding FIC's damages calculations. Counsel have had a number of constructive discussions with respect to this supplemental information. With the benefit of these direct discussions, the parties now have scheduled the mediation for April 21, 2005.

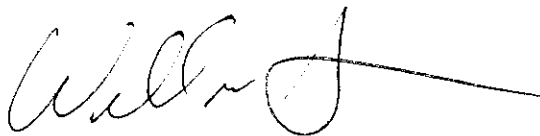
Under the circumstances, we request that the Court continue the stay of that portion of the above-referenced action involving FIC's claims against DHIS until after the completion of the mediation process. Should Your Honor require any further information in this regard, please let us know. If Your Honor prefers, the AAA mediator, Philip Zimmerman, can be contacted directly at (201) 797-2397.

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Thank you in advance for your consideration.

Respectfully submitted,




William S. Gyves (WG 2770)

WSG/jr

cc: Lorienton N.A. Palmer, Esq. (via facsimile)
Philip Zimmerman, CPA (via facsimile)

*The parties are directed to submit
an update on the mediation by no later than
May 1, 2005.*

SO ORDERED


KENNETH M. KARAS U.S.D.J.
4/1/05